

# AB 32 – GLOBAL WARMING SOLUTIONS ACT OF 2006

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## IN BRIEF

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Global climate change poses ~~as~~ a serious threat to California's economic well being, public health, and environment if aggressive actions to reduce greenhouse gas emissions are not taken soon.

AB 32 would create a statewide greenhouse gas emission limit that would reduce emission 25% by 2020. It establishes a mandatory reporting system to track and monitor greenhouse gas emission levels and institutes a limit on greenhouse gas emissions – requiring emission reductions in California to 1990 levels by the year 2020.

The bill creates the California Greenhouse Gas Reduction Council to coordinate state agency activity and create a statewide plan to reduce greenhouse gas emissions.

The bill also directs the California Air Resources Board (CARB) to develop a regulatory framework of emission reduction measures, which may include multi-sector market-based compliance options.

## THE ISSUE

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There is broad scientific agreement that global climate change, primarily due to the burning of fossil fuels, represents a real and growing threat to California's future. Three in four Californians surveyed by the Public Policy Institute of California agree that global climate change will have serious effects on the state's economy and quality of life.

If left unchecked, global climate change threatens California's air quality, water supply, public health, power grid reliability, and largest industries, including, agriculture, tourism, skiing, and forestry.

Independent economic studies and state agency reports conclude that reducing greenhouse gas emissions to 1990 levels by 2020 is achievable. Such a reduction will also save California families and businesses *billions* of dollars while creating tens of thousands of new jobs by 2020.

California can achieve these emission reductions through pollution-cutting investments and programmatic initiatives in the areas of energy efficiency, renewable energy, cleaner cars, alternative fuels, improved transportation systems, and water conservation. These investments and initiatives will also provide economic and environmental benefits. For example, reducing the air pollution from mobile and stationary sources as well as catalyzing the technological ingenuity of California entrepreneurs, researchers, and businesses.

AB 32 is symbolic of California's history of leadership on environmental issues. The bill will have worldwide implications, as other states and countries look to see how California will address this problem. Although California in isolation cannot stop global climate change, the cumulative effect of California's actions and leadership will have a significant and overwhelming impact on the way world views and reacts to the issue of global climate change.

## EXISTING LAW

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In recent years, the California Legislature has passed several laws that address the issue of global climate change, including reducing emissions from automobiles, increasing the use of renewable energy delivered to California consumers, improving building and appliance efficiency standards, and establishing a registry to develop greenhouse gas emission reporting and certification protocols.

This year, the Legislature is also set to pass a number of bills that will complement the efforts of AB 32. These include measures on energy efficiency, green building, solar energy, technology research and development, and electrical facility standards.

Additionally, the FY 2006-07 Budget contains almost \$40 million in new funding for climate change activities across several state agencies.

## THE SOLUTION

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AB 32 establishes a limit on greenhouse emissions – reducing emissions to 1990 levels by the year 2020. The bill also requires the California Air Resources Board to institute a mandatory emissions reporting and tracking system to monitor and enforce compliance with the emissions limit.

To establish this regulatory program, the bill provides that CARB must use certain principles: distribute costs and benefits equitably, protect entities that have already reduced their emissions voluntarily, and ensure that the program reduces pollution in local communities.

Additionally, AB 32:

- Requires the Council to perform economic analyses of greenhouse gas reduction and work with state agencies to develop sector-specific elements of a statewide plan;

- Requires CARB to analyze and determine the effectiveness of various alternative compliance mechanisms (i.e. banking, borrowing, and other market-based mechanisms ) in reducing greenhouse gas emissions;
- Requires state agencies to incorporate greenhouse gas emission reduction efforts into their policies and programs;
- Provides for a stakeholder process to enable the business community to develop greenhouse gas reduction plans as part of the regulatory process;
- Requires the Council to coordinate its regulatory activities with those of other states and countries, where feasible; and
- Creates Environmental Justice and Economic and Technology Advancement advisory committees and state agency task force to assist CARB in the development of statewide plan.

## BILL SPONSORS

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